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1. CEYLON

The bungled investigation of an alleged coup plot has made the moderately pro-West Senanayake government vulnerable to attacks by the leftist opposition.

Preliminary hearings regarding the coup plot, which is alleged to have taken place last February, have gone badly from the government's point of view. The government has presented little solid evidence and there are other indications that its case against the plotters--including former army commander Udugama--is weak. On 15 September a Colombo magistrate issued a verdict of "reasonable suspicion" of culpable homicide following an inquest into the death of one of the plotters during police interrogation last spring.

The opposition, led by former prime minister Mrs. Sirimaro Bandaranaike, has moved swiftly to exploit the issues raised. It has demanded an immediate parliamentary discussion of the magistrate's verdict and has introduced a no-confidence motion. In view of Senanayake's majority, there is virtually no chance that the motion will pass. However, many Ceylonese probably will be persuaded that police strong-arm tactics during investigation of the plot were politically dictated. As a result, government candidates may suffer in three by-elections, the first since Senanayake returned to power in March 1965, which are tentatively set for late October.

Potentially more serious are possible repercussions within the government. Relations are already strained between Senanayake and his second in command, Minister of State J. R. Jayewardene, whom many regard as the real brains in the government. In recent months the opposition has sought to promote a rift between the two, and Jayewardene will be the opposition's main target now. The prime minister was out of the country and Jayewardene was running the government at the time of the police incident under investigation.

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2. SWEDEN

Prime Minister Erlander's governing Social Democrats are reassessing the party's future role in the light of the sharp defeat it suffered in local elections last week.

The Social Democratic executive and parliamentary groups will meet later this week to decide whether the government should move to dissolve parliament and call for special national elections or continue in office until regular parliamentary elections are held in 1968.

There is a considerable body of opinion--particularly among younger Social Democrats--which maintains that after some three decades in power the party should step aside and allow the opposition to demonstrate whether it can govern more effectively. This group is also using the electoral setback to urge a reshuffle of the aging party leadership.

Majority sentiment in the party at this time seems to favor retaining control of the government despite the minority status of the Social Democrats in the lower chamber. Prime Minister Erlander has been able to remain in power by accepting the support of the Communists on domestic issues and relying on the non-Socialist parties for support on foreign and defense matters.

The strong showing of Sweden's independent-minded Communist Party in the elections has revived speculation about prospects for closer cooperation between it and the Social Democrats. Led by Erlander, the generally moderate Social Democratic leadership has so far rejected such collaboration, but it is likely to face increasing pressure by the party's left wing on this question as well as on foreign policy issues.

The Social Democratic setback could also hasten the retirement of the 65-year-old Erlander, who has become increasingly discouraged in recent months by the disarray and growing factionalism within his party.

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3. FRANCE AND THE COMMON MARKET

The French are expected to continue to attempt to trim the EEC Commission's powers and impede the community's institutional development. What it failed to gain last year in the way of a weakening of treaty provisions, France evidently intends to achieve through attrition.

The most independent exercise of Commission power is probably in the committees which manage products subject to the common agricultural policy (CAP). The French are reported prepared to oppose giving the Commission similar extensive powers for products just now coming under CAP regulations. Another French line of attack is to bypass the Commission by initiating discussions within the group of permanent representatives in the absence of, or ignoring, Commission proposals. Paris reportedly is now pushing its version of a "European company" law proposal in just this manner.

French opposition to another term for EEC Commission President Hallstein continues to block merger of the three present community executives. This may delay indefinitely the increasingly urgent community consideration of a common energy policy. It especially weakens the potential of a "lame-duck" Coal-Steel Community High Authority (HA) to find community solutions to the pressing problems of the coal and steel industries. Reportedly almost in desperation, the HA is ready to settle for "intergovernmental" as opposed to community remedies.

Although generally aware of the danger to the "community system," the Five do not show any will for another fight with the French. On the CAP management committee issue, for example, the Germans reportedly offered the French a "compromise" solution unacceptable to the Commission. The Commission itself has taken a stoic position of carrying on quietly--and timidly--while awaiting De Gaulle's departure from the scene.

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4. DOMINICAN REPUBLIC

The last units of the Inter-American Peace Force (IAPF) left the Dominican Republic on 20 and 21 September. Although some Dominicans were apprehensive that the IAPF's exit would lead to an immediate upsurge of terrorism, the country has remained tranquil.

President Balaguer made a politically difficult military command change prior to the IAPF's departure. On 17 September he removed a potential governmental opponent, General Folch, as chief of staff of the air force. Although the precise reasons for Folch's dismissal are not known, he is suspected of having opposed some of the President's proposals for military change.

The new air force chief, General Alvarez, is violently anti-Communist and has shown a tendency to take extreme actions. During the Trujillo era he was described as a "boon companion" of the dictator's infamous son, Ramfis. Colonel Nivar, Balaguer's ambitious military aide, is thought by some to have had a hand in Alvarez' selection.

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Balaguer has moved ahead with another part of his reorganization plan aimed at reducing the power of potential dissidents by shifting into another unit at least some of the armored contingent which was formerly part of General Wessin's command. The President has also obtained the agreement "in principle" of top military leaders to a US-backed reform program designed to improve the effectiveness and reduce the costs of the armed forces.

The US military attachés consider that the overall effect of the changes has been to strengthen Balaguer's control of the armed forces and to reduce the possibility of organized resistance to further plans for restructuring the military. The secretary general of Juan Bosch's Dominican Revolutionary Party has voiced admiration for Balaguer's agility in asserting civilian control of the military.

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